

# MANITOBA PUBLIC INSURANCE ANNUAL BUSINESS PLAN

2022/23

## THE CROWN CORPORATIONS GOVERNANCE AND ACCOUNTABILITY ACT

Manitoba Public Insurance hereby submits its Annual Business Plan as required by [The Crown Corporations Governance and Accountability Act](#), consistent with the provided guidelines for a standard format among Crown corporations' plans and in alignment and compliance with the Department of Crown Services' Alignment and Accountability Project.

Deemed final and approved by Board of Directors on February 10, 2022, per agenda item 4.1.2.

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## 1.0 Mandate and Strategic Direction

At Manitoba Public Insurance, we are guided by a combination of legislation, government directives, and corporate principles and priorities. To complement our mission, vision and values, we have created a 5-Year Ambition to further set our direction and help us achieve our goals.

### 1.1 Corporation's Mandate, Objects or Purposes as set out in [The Manitoba Public Insurance Corporation Act](#)

It is the function of the Corporation to engage in and carry out the activity of all classes of automobile insurance, to administer the universal, compulsory automobile insurance as well as Extension insurance as prescribed by regulation. In carrying out these responsibilities the Corporation may also repair, salvage and dispose of any property insured by it. The Corporation also has the responsibility to administer [The Drivers and Vehicle Act](#).

### 1.2 Directives from Province

In accordance with [The Crown Corporations Governance and Accountability Act](#), the Minister of Crown Services may issue directives to Manitoba Public Insurance to support provincial policy and Manitoba Public Insurance must comply with any directive given.

The following directives have been issued to Manitoba Public Insurance:

- On January 30, 2020, the Minister of Crown Services issued a [directive](#) to Crown Corporations concerning executive management compensation, overall staffing levels and review of management spans and layers. Manitoba Public Insurance continues to comply with this directive. This builds upon the management reductions in 2017, the completed span and layers analysis in 2017, and the Corporation's commitment to remain vigilant related to staffing levels and overall compensation.
- On July 24, 2019, the Minister of Crown Services issued a [directive](#) to Manitoba Public Insurance respecting conciliation with the Insurance Brokers Association of Manitoba (IBAM). Manitoba Public Insurance honoured this directive, and the conciliation process led to a five-year agreement between MPI and IBAM, effective April 1, 2021.
- Although issued in support of the provincial Climate and Green plan, and not in accordance with [The Crown Corporations Governance and Accountability Act](#), the Minister of Crown Services requested that all Crown corporations and government agencies cancel print-based subscriptions and the purchase or production of business cards, unless an appropriate exception has been granted. As well, all Crown corporations are to track and report greenhouse gas emissions on an annual basis. Manitoba Public Insurance is currently in discussions with the Province to ensure full compliance.

### 1.3 Framework letter

The Minister of Crown Services issued a [framework letter](#) to Manitoba Public Insurance on April 24, 2019. Manitoba Public Insurance has achieved the expectations set out in the letter, and maintains ongoing efforts to continue to support these expectations. For full details, see *Appendix A: Status Report*.

### 1.4 Corporate Mission

Exceptional coverage and service, affordable rates and safer roads through public auto insurance.

### 1.5 Vision and Values

#### Our Vision

The trusted auto insurance and driver services provider for every Manitoban.

#### Our Values

As a public auto insurer, we hold ourselves accountable to all Manitobans to deliver value by fostering a culture of excellence. We achieve this through our four core values:

- **Striving for Excellence:** We provide exceptional coverage and service. We adapt to meet evolving customer and industry needs, focusing on continuous improvement.
- **Providing Value to Manitobans:** We maintain affordable rates and ensure accessible coverage. As a public auto insurer, fiscal responsibility is at the forefront of everything we do.
- **Doing What's Right:** We act with integrity and accountability. We strive to be open and transparent.
- **Investing in People:** We empower our employees to provide excellent service. We work together with business, community and road safety partners to fulfil our mission.

### 1.6 Our 5-Year Ambition

MPI has developed a 5-Year Ambition that focuses on meeting the needs of customers, employees and business stakeholders. In a broad sense, our ambition is to realize three aspirational statements from customers, employees and business stakeholders:

- Customers: "Manitoba Public Insurance understands my needs. They make it easy and effortless."
- Employees: "Manitoba Public Insurance is a rewarding and progressive place to work."
- Stakeholders: "Manitoba Public Insurance is fair, transparent and does things right."

These aspirational statements will be achieved through five guiding principles:

- Customer experience drives improvements.
- Improvements must make financial sense.
- Create a culture of continuous improvement through empowerment and automation.
- Be a fast follower of industry best practices and trends.
- Engage stakeholders actively along the way.

The 5-Year Ambition will guide us through our ongoing major digital transformation, Project Nova, and into a future state that we are calling Supernova, or MPI 2.0.

## 1.7 Corporate Priorities for 2022/23

We will deliver on operational imperatives and transformation plans, align and streamline processes and mature core functions, and advance our people and culture agenda.

The following is a list of our top corporate priorities for the 2022/23 fiscal year:

**Operational Imperatives** – Deliver on financial goals (including revenues, net income, MCT), customer metrics (including CX Index) and regulatory or market requirements (including GRA, PUB orders, regulatory changes, compliance, road safety, partner agreements, high priority product changes).

**Nova & IT** – Deliver on Nova milestones (including SRE, IRP, release 3A preparation) and Technology transformation plans (including Cloud Adoption, Data Infrastructure, Cybersecurity, CoEs for Integration, Testing, Digital, Automation, Architecture, and EAM transformation).

**Customer Centricity & Operational Excellence** – Define our desired CX and EX based on needs and embed these into our transformation plans. Deliver E2E customer journeys, streamline and automate mass processes where relevant. Assign clear business, process, data and risk ownership across MPI. Continue to establish and mature our Business Architecture and SAFe practices (including Lean CoE, BPM CoE, LPM, LACE, VA).

**Finance, Actuarial, Risk and Investments** – Continue to evolve actuarial practices (valuation, pricing, capital management), financial forecasting (greater granularity and increased frequency), risk management (ERM maturity, ORM), investment/ALM (ALM study, investment performance and risk reporting), and ensure IFRS readiness.

**People, Culture, Change Management and Communications** – Evolve People and Culture practices and processes to enable and empower our people to achieve the 5-Year Ambition. Further mature Operational Readiness, Change Management, and Employee and Corporation Communications practices to support our ambitions and goals. Articulate and tell our transformation story.

## 2.0 Operating Environment

At MPI, we are proud that our public insurance model provides Manitobans with coverage that is among the most comprehensive in Canada and rates that are among the lowest. We take a long-term view of providing sustainable and predictable Basic insurance to Manitobans at affordable rates, without compromising coverage or service, and we are constantly evolving to meet the diverse needs and service expectations of our customers.

### 2.1 Internal Environment

The Corporation's internal operating environment is extremely dynamic. The 2022/23 year will see a continued focus on Nova program delivery, with the first systems coming online.

To support Nova and realize our 5-Year Ambition, the Corporation has defined six Strategic Themes to guide our strategic transformational initiatives:

- Customer Focus
- Product Innovation
- Process Automation
- Nova & Technology
- People, Culture and Leadership
- Business Capabilities

Several of the strategic transformational initiatives that are linked to these strategic themes are outlined below.

#### 2.1.1 Customer Focus

##### **Customer Experience Maturity Roadmap**

The Corporation is building a CX maturity roadmap to improve and enhance customer experience in all our channels. This roadmap will define our maturity levels target and required organizational capabilities, operating model and governance to improve customer experience.

##### **Operationalize Customer Standards**

Operational service teams provide many customer-facing services such as claims, services centres, injury case management and broker operations. The Corporation will review its service level metrics, create new tools to measure targets and set new benchmarks for continuous improvement.

#### 2.1.2 Product Innovation

##### **Product Roadmap**

Over the next several years the Corporation will modernize regulations, legislation, policies and procedures with the goal of enhancing products and services for customers.



To assist in achieving this goal, a Product Roadmap has been developed that anticipates and addresses customer needs, aligns product initiatives with our Nova transformation, and identifies government and regulatory dependencies.

Major product initiatives planned in 2022/23 include:

- Vehicle for Hire (VFH): Findings from the VFH insurance model review, stakeholder engagement, and a subsequent decision from the Public Utilities Board may be implemented to improve the insurance model.
- Driver Safety Rating (DSR): The Corporation intends to use the current registered-owner model in the near term while finding ways to move premiums closer to the actuarial target. Our 2022 General Rate Application included a proposal that will appropriately phase in this new approach from a rate-stability perspective. The only structural change to the DSR model in the short-term will be the potential introduction of additional merit levels.
- Special Risk Extension (SRE): As part of Project Nova, our SRE commercial insurance line of business will be transformed with new technology in 2022. This will enhance the customer experience while enabling the Corporation to better utilize data to improve underwriting and pricing sophistication.

### 2.1.3 Process Automation

#### Liabilities and Assets

MPI will be implementing statutory requirements and standards related to Liabilities [Insurance Liabilities IFRS 17] and Assets [Investments IFRS 9]. The new standards will replace IFRS 4 and IAS39 respectively. Adopting the new standards ensures the Corporation will remain compliant with changing accounting standards, as well as increase the transparency and usefulness for financial statement users.

#### Business Process Management and Lean Centre of Enablement

To assist with our transformational Project Nova and to realize our 5-Year Ambition, we will improve our internal processes through the creation of a Business Process Management and Lean Centre of Enablement. Together, these will improve our internal processes and will:

- Develop an inventory of all processes and a framework that defines accountability and ownership for each process.
- Develop measurement systems and define performance indicators and targets for process performance.
- Run Lean improvement events in partnership with department leadership.
- Establish standards of practice and develop/support Lean capability among staff.
- Manage and report on the portfolio of Lean projects to ensure they are aligned to strategic objectives and are delivering tangible results.

## Core Process Optimization

MPI will outline a vision to optimize core processes to improve customer service. Our goal is to improve efficiency and effectiveness of high-volume core processes in the areas of claims, insurance, registration and DVA administration.

### 2.1.4 Nova & Technology

Project Nova is a multi-year program to modernize and transform our in-house legacy applications and technology footprint. This transformation will deliver the following key business objectives and outcomes:

- Stable Technology Platform – We will significantly lower the downtime and technology risks to perform day-to-day service transactions by moving to modern technology and exploring customer online functionality.
- Cost Effective – We will reduce current operating costs and IT risks of managing and supporting legacy systems by moving into new commercial off-the-shelf applications for property and casualty insurance and driver licensing and vehicle registration.
- Agility to Meet Future Business Needs – We will be better equipped to implement new legislative requirements and offer new products and services.
- Secured Solution – We will improve infrastructure, processes, procedures and controls to protect customer information from security threats.
- Availability and Device Portability to External Partners – We envision greater around-the-clock availability via desktop and mobile platforms.
- Modernizing Commercial Insurance – We will modernize the manual SRE/commercial insurance products.
- Customer Experience – We will transform customer service delivery channels, resulting in enhanced customer experience.
- Online Services – We will expand online service offerings for our customers.

The program further aims to drive simplification and efficiency in its core technology systems in the near term, while setting a strong base for long-term growth and flexibility. Project Nova is also transforming our business by empowering our people and partners with new technology and processes that are responsive and efficient, giving customers more choice and a better experience.

In early 2022, Management completed an updated re-baseline assessment of Project Nova, which will see a flattened delivery schedule and will front load customer-value deliverables. This will deliver customer value sooner and increase program success. The impacts of the flattened delivery along with other de-risking strategies are expected to have a material impact on the overall program budget. MPI is working with Government to obtain the necessary approvals and understand how to best reflect the budgetary impacts for the 2022/23 fiscal year.

## Security and Technology Risk Management

MPI regularly invests in improvements to its cyber security maturity via enhancements in processes and technology. This includes initiatives to maintain existing technology in a stable and supported state.

## IT Strategic Initiatives

In 2022/23 the Corporation will focus on several major IT strategic initiatives to support the overall strategy. During the course of 2021/22 assessment and roadmaps will be outlined in the following areas:

- Cloud & Next Generation Technologies – Shifting existing technology from on premises to the cloud will provide a more flexible technical footprint and better position MPI to respond to change.
- Billing Architecture – Definition and implementation of a modernized billing architecture.
- Data & Analytics – Technology and tooling to manage data warehousing, AI, predictive analytics and more.
- Digital Workplace – Process and technologies to support a digital work environment and culture.
- Integration, Testing, and Automation Centre for Enablement – Increasing self-sufficiency in key areas of technical dependencies.
- Enterprise Content Management – Evolution of platforms and technologies that manage content, information and customer-facing areas (such as our website) so they can provide a paperless digital experience.

### 2.1.5 People, Culture & Leadership

#### Culture 2.0, Talent 2.0, and Professional and Leadership Development

Employees are one of the key stakeholder groups outlined in our 5-Year Ambition. Our aim is for employees to view Manitoba Public Insurance as “a rewarding and progressive place to work”. Creating a shared set of beliefs and values is important for building the kind of culture that staff can thrive in.

The Corporation continues to review and understand its current workforce and the needs of the future, so that we can grow, attract, mentor and develop the needed talent within the organization.

#### Future Workplace

We plan to reduce the corporate head-office footprint and right-size the Corporation’s physical-space requirements to support business needs and align with industry space standards. Implementing this three-year plan will also provide the following benefits:

- Reduce ongoing occupancy cost associated with reduced footprint.

- Increase revenue generation opportunities in regards to net operating income for the cityplace asset.
- Reduce ongoing capital and operating costs associated with churn and inefficient design.
- Create adaptable space that supports a flexible work arrangement for eligible departments.
- Improve environments that support business unit re-engineering, productivity/collaboration, accessibility, wellness and workforce recruitment/retention.

### 2.1.6 Business Capabilities

#### Scaled Agile Framework & Lean Portfolio Management

MPI will continue its adoption of Agile principles. The culture of how work is developed, defined, and delivered will change to reflect best practices from the Scaled Agile Framework (SAFe) methodology. Key components of the SAFe methodology being introduced are Lean Portfolio Management (LPM), business agility, Agile product delivery, and a continuous learning culture. LPM is the structure that aligns strategy with execution and ensures decisions on capacity allocation provide the greatest customer value.

#### Change Management

MPI will expand its Organizational Change Management practice to an enterprise level. This initiative will provide a more robust, scalable and flexible approach to ensure the benefits of organizational change are realized.

## 2.2 External Environment

Manitoba Public Insurance operates in a challenging and fast-changing external environment. Key relationships in this environment include the public and customers, government, the Public Utilities Board, and delivery partners such as healthcare providers, brokers and repair shops.

### 2.2.1 Upcoming Negotiations and Contract Renewal

- MGEU Agreement expired in September 2020.
- Agreement with Manitoba Commercial Vehicle Repair Association expired Dec. 31, 2021.
- Agreement with Manitoba Chiropractors Association expired Dec. 31, 2021.

### 2.2.2 COVID-19

During 2020 and 2021, Manitoba Public Insurance made several of its service centres available to Manitoba Health for use as COVID-19 testing sites. We will continue to evaluate requirements in the 2022/23 fiscal year, and we will continue to assist Manitoba Health as necessary.

In the early stages of the pandemic, Manitoba Public Insurance moved many roles to a work-from-home model. Ongoing monitoring of the productivity of remote workers has helped us establish criteria for potential long-term work-

from-home and flexible work arrangements, which can increase productivity and engagement while reducing overhead costs.

Due in large part to the pandemic-related reduction in collision frequency and the resulting favourable financial results in 2020/21, Manitoba Public Insurance was proud to provide two surplus distribution rebates to customers. A third rebate was approved by the PUB and is being distributed to customers in early 2022. This will bring the total surplus distributions to Manitobans since the start of the pandemic to almost \$500 million.

Looking forward, we cannot foresee with any certainty how COVID-19 will affect our customers, business operations and investment portfolio in 2022/23. However, we are well-positioned to continue to respond nimbly to deal with business and financial impacts, address all public health requirements, and support the Province of Manitoba in its ongoing efforts to protect all Manitobans.

### **2.2.3 Road Safety**

MPI will maintain its commitment to safer roads, and we will continue to focus on three major road-safety issues: unsafe speed, driver distraction and impaired driving. Our programming consists of stakeholder engagement, driver education and awareness, community outreach, standardized training, optimized law enforcement support, and research into the key contributors to serious injury and death on Manitoba's roadways. Advancing reconciliation efforts, our road safety strategy will include a renewed focus on Indigenous engagement and the issues facing our First Nations communities.

#### **Provincial Road Safety Committee**

Co-chaired by MPI and Manitoba Infrastructure, the Provincial Road Safety Committee's (PRSC) mandate is to reduce collision-related injuries and fatalities in Manitoba through collaboration of key stakeholders. The PRSC's Manitoba Road Safety Plan 2017-2020: Road to Zero identified the key priorities for its stakeholders, and MPI has actively collaborated with provincial partners to further these road safety priorities.

#### **External Stakeholder Committee on Road Safety**

Through this stakeholder committee, Manitoba Public Insurance will continue to engage and inform external road-safety stakeholders on our road-safety efforts. This committee will also continue to provide a forum for interest and advocacy groups to identify opportunities to mitigate provincial road-safety issues.

#### **Driver Education and Training**

Driver Z, the new High School Driver Education program, was launched in 2019. Driver Z uses a blended learning approach that involves interactive online learning, richer classroom engagement, greater parent/guardian involvement and more practice time for students. In 2022/23, MPI will implement changes to improve program efficacy, customer engagement and outcomes, based on the results of a program evaluation.

## 2.3 Risks

Like any enterprise, Manitoba Public Insurance faces risks in its operations that must be handled effectively in order to achieve its goals. Several risks are outlined below.

### 2.3.1 Financial Losses from Weather or Investments

A key risk is the potential for financial loss arising from increased claims due to weather-events such as hail or winter conditions. An additional related risk is the depletion of financial reserves, which is possible from significant losses in the investment portfolio or increases in claims as noted above. The implementation of the new Asset-Liability Management strategy in 2019/20 de-risked the assets backing Basic's liabilities (with no equities and alternatives), reducing interest-rate risk for the Basic line of business.

To mitigate claims volatility, Manitoba Public Insurance will continue to incorporate reinsurance where appropriate and ensure reserves are adequate for each line of business. MPI recently implemented a new aggregate catastrophe reinsurance program to protect from both single large weather events and a combination of multiple small weather events, ultimately aimed at reducing volatility for both customers and Government.

### 2.3.2 Insurance Business Risk

The Corporation keeps watch on insurance technology developments and auto maker self-insurance models to mitigate potential risks from these areas.

### 2.3.3 Cyber Security

The cyber security landscape is constantly changing and evolving. The Corporation mitigates the ever-increasing risks related to cyber attacks by continuously evolving its cyber defence plans, increasing its information-security maturity, advancing its risk-management program and enhancing its cyber resiliency.

### 2.3.4 Workforce Capacity

Inadequate capacity of staff, both in key areas impacted by Nova or due to COVID-19, will negatively affect the Corporation's ability to meet objectives on time and on budget. The Corporation is actively planning to address current and future workforce-capacity challenges through workforce planning and capacity modelling.

## 2.4 Capital Reserves

Manitoba Public Insurance will continue to utilize its Capital Management Plan in 2022/23. We will work with stakeholders to refine the capital release and rebate components of the plan. The Capital Management Plan ensures appropriate capitalization for all lines of business, while continually moving toward capital targets in a manner that promotes rate stability. The plan utilizes the insurance industry standard Minimum Capital Test (MCT), which was developed by the Office of the Superintendent of Financial Institutions to monitor all federally regulated property-and-casualty (P&C) insurers. The MCT is calculated by assessing a number of risks faced by P&C insurers including:

- Insurance risk
- Market risk
- Credit risk
- Operational risk

The Capital Management Plan includes the following components:

- Capital targets by line of business based on MCT ratios.
- Basic capital build and release provisions.
- Excess capital policy for competitive lines of business.

### 3.0 Performance Measures & Targets

Performance in all areas is regularly tracked and measured to evaluate if objectives are being met, and to determine if additional steps are required to achieve successful outcomes.

Strategic KPIs:

Strategic Themes	Objectives	KPI	Target	Frequency/ Measure
<b>Customer Focus</b>	Maintain high customer service	CX Score	81	Yearly
	Provide low/affordable rates	Rate change < inflation	-1.2%	Yearly
<b>Product Innovation</b>	Maintaining Basic + Extension revenue	Basic GWP	\$1,170M	Monthly
		Extension GWP	\$181M	Monthly
<b>Efficiency &amp; Effectiveness</b>	Reduce Operating Expenses	Admin Opex %	11.2%	Monthly
		Combined Expense Ratio %	24.8%	Monthly
	Control Claims Costs	Loss Ratio %	77%	Monthly
		Cost Per Claim	\$4,533	Monthly
	Capital Adequacy	Basic MCT	100%	Quarterly
		Extension MCT	200%	Quarterly
		SRE MCT	300%	Quarterly
	Manage Investment Assets	Net Investment Yield	3.2%	Monthly
<b>Nova/ Technology</b>	Nova delivery 2022/23 on scope/budget	Spend vs Budget	\$47.8M	Quarterly
	Align structure to strategy within current Mgmt FTE	Mgmt FTE	156	Monthly
<b>People, Culture, Leadership</b>	Employ an engaged workforce	Employee Engagement Survey	75%	Yearly
<b>Risk Exposure &amp; Sensitivity</b>	Minimize Interest Rate Risk	Basic ALM Budget Variance	+/- \$10M	Quarterly



## 4.0 MPI Balanced Scorecard

MPI is developing Internal Balanced Score carding. In building our Balanced Scorecard, we have ensured best practices in Balanced Scorecard measurement using the proposed four perspectives:

- Financial Metrics
- Customer Metrics
- Internal Processes
- Learning and Growth

We expect to see Balanced Score carding have significant betterment in our organization, similar to organizations that have successfully adopted this approach – with building a balanced performance management culture. Some of the most significant benefits of implementing the Balanced Scorecard KPIs for MPI are:

- Accurate measurement of performance and goals.
- Stakeholder Alignment for Balanced Score card reporting/best practices.
- Balanced view of the company's performance.
- Facilitate communication throughout the company.

## 5.0 Statement of Operations

<i>in thousands of Canadian dollars (\$000s)</i>	Actual for the year ended March 31, 2021	Forecast for the year ended March 31, 2022	Budget for the year ended March 31, 2023
<b>Earned Revenues</b>			
Gross premiums written	1,440,783	1,393,645	1,501,982
Reinsurance Ceded to reinsurers	(19,607)	(20,538)	(20,880)
<b>Net Premiums Written</b>	<b>1,421,176</b>	<b>1,373,107</b>	<b>1,481,102</b>
<b>Net Premiums Earned</b>	<b>1,389,370</b>	<b>1,404,194</b>	<b>1,427,894</b>
Service Fees & Other Revenues	37,817	38,060	42,971
DVA Operations Recovery	30,250	30,250	30,250
<b>Total Earned Revenues</b>	<b>1,457,437</b>	<b>1,472,504</b>	<b>1,501,115</b>
<b>Claims Costs</b>			
Net Claims Incurred	780,167	940,861	1,093,268
Claims Expense	160,857	165,268	175,634
Road Safety/Loss Prevention	8,834	13,403	14,472
<b>Total Claims Costs</b>	<b>949,858</b>	<b>1,119,532</b>	<b>1,283,374</b>
<b>Expenses</b>			
Operating	119,812	144,661	159,232
Commissions	90,491	93,497	96,396
Premium Taxes	32,208	37,353	43,463
Regulatory/Appeal	4,421	4,284	4,642
<b>Total Expenses</b>	<b>246,932</b>	<b>279,795</b>	<b>303,733</b>
<b>Underwriting Income (Loss)</b>	<b>260,647</b>	<b>73,177</b>	<b>(85,992)</b>
Investment Income	101,578	181,412	133,593
Gain (Loss) on Sale of Property	95	-	-
<b>Net Income (Loss) from operations</b>	<b>362,320</b>	<b>254,589</b>	<b>47,601</b>
Surplus distribution	(334,948)	(180,001)	-
<b>Net Income (Loss) after surplus distribution</b>	<b>27,372</b>	<b>74,588</b>	<b>47,601</b>

Note: For additional information on the financials of Manitoba Public Insurance, please refer to the most recent Annual Report, available at [mpi.mb.ca](http://mpi.mb.ca).

## 5.1 Key Planning Assumptions

Key assumptions include:

- Forecasts based upon data up to and including July 2021 month-end.
- The 2022/23 applied for PUB Basic Rate Decrease of 1.2% in 2022/23.
- Lower driver premiums are expected to be received. The lower collision frequency experience in 2021-22 will see more drivers move up the Driver Safety Rating scale.
- The results of the most recent Valuation of Policy Liabilities.
- Flat interest rates over the entire forecast period based on August 31, 2021, rates.
- No change to DVA government funding and no changes to DVA transaction fees.
- No significant changes to operations that would impact long-term fleet growth, vehicle upgrade or claims trends over the outlook period.

## 5.2 Sensitivity Analysis

Due to the nature of its business, Manitoba Public Insurance's primary risks relate to trends in claiming experience on its insured book of business and impacts on investment income stemming from fluctuations in the marketplace.

The following table depicts Manitoba Public Insurance's sensitivity to various scenarios stated on the basis of impact to net income.

<b>Scenario Analysis - 2022/23 Net Income Volatility</b>			
<b>Summary - CORPORATE</b>			
(\$000's)			
<b>Scenario</b>	<b>2022/23 Net Income</b>	<b>\$ Change from Base Scenario</b>	<b>% Change from Base Scenario</b>
1. Base Scenario	47,601	0	0%
2. Collision Frequency +1%	41,802	-5,799	-12%
3. Collision Severity +1%	41,802	-5,799	-12%
4. Interest Rates +50 bps	45,978	-1,623	-3%
5. Interest Rates -50 bps	44,904	-2,697	-6%
6. 1-in-40 Adverse Winter Collision Frequency	-40,222	-87,823	-184%
7. 1-in-40 Favourable Winter Collision Frequency	134,329	86,728	182%
8. 1-in-40 Adverse Hail	21,398	-26,203	-55%
9. 1-in-40 Favourable Hail	69,370	21,769	46%
10. 1-in-40 Adverse Loss Ratio <sup>1</sup>	-130,162	-177,763	-373%
11. 1-in-40 Favourable Loss Ratio <sup>1</sup>	98,062	50,461	106%
12. 1-in-40 Decreasing Interest Rates <sup>2</sup>	62,185	14,584	31%
13. 1-in-40 Increasing Interest Rates <sup>2</sup>	51,115	3,514	7%
14. 1-in-40 Adverse Equities	10,958	-36,643	-77%
15. 1-in-40 Favourable Equities	145,708	98,107	206%

1. Loss Ratio: Includes Basic, Extension, and SRE losses. Assumes correlations between lines where applicable.

2. Interest Rates: +210 bps increase and -222 bps decrease to GOC 10 Year Bond. Assumed interest rate floor of 0.47%.

## 6.0 Human Resources

MPI employees work from offices and centres in 12 communities across Manitoba: Arborg, Beausejour, Brandon, Dauphin, Portage la Prairie, Selkirk, Steinbach, Swan River, the Pas, Thompson, Winkler and Winnipeg.

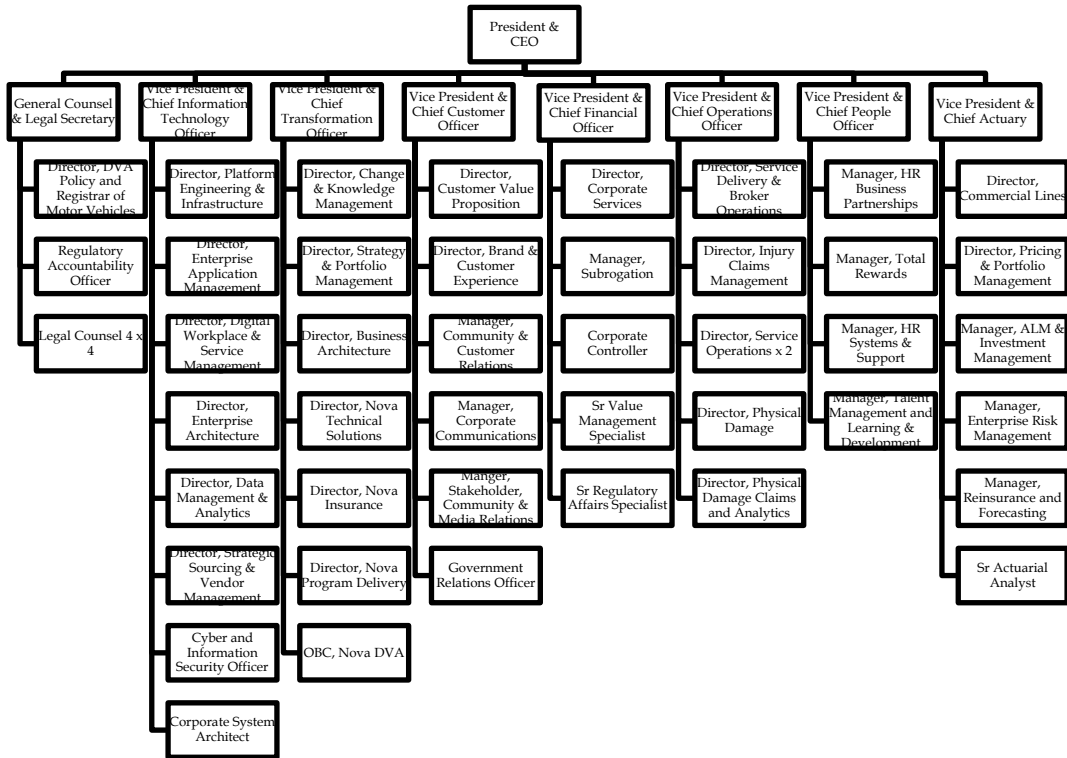
Overall FTE have remained stable from 2020/21 and will trend down as Project Nova is finalized.

### 6.1 Full-Time Employees

<b>Normal Ops</b>			
	Actual as end of FY 2020/21	Budget 2021/22	Budget 2022/23
Senior Management	27.0	39.0	32.0
Management	106.0	105.0	114.0
Employees	1,653.5	1,795.0	1,812.2
Total	1,786.50	1,939.0	1,958.2
<b>Nova &amp; Improvement Initiatives</b>			
	Actual as end of FY 2020/21	Budget 2021/22	Budget 2022/23
Senior Management	5.0	5.0	5.0
Management	2.0	7.0	5.0
Employees	42.0	66.4	43.3
Total	49.0	78.4	53.3
<b>Total Corp.</b>	<b>1,835.5</b>	<b>2,017.4</b>	<b>2,011.5</b>

## 6.2 Organizational Chart

The organizational chart shows senior roles organized across eight divisions to best realize our 5-Year Ambition.



### **6.3 Factors That May Affect Compensation and Staffing**

The proposed 2022/23 plan includes 2,011.5 full-time equivalents (FTEs) with a total compensation budget of \$190.4 million. FTE counts will be managed to ensure proper workforce composition to meet operational demands.

Approximately 85 per cent of Manitoba Public Insurance's employees are represented by the Manitoba Government and General Employees' Union, with its four-year contract having expired September 26, 2020. A new agreement is currently being negotiated and ultimately wage impacts will be determined through bargaining process.

## 7.0 Capital Plans

The Corporation does not debt finance any of its project initiatives. All of Manitoba Public Insurance's capital projects will be financed through cash generated from operations, and ultimate project costs will be recovered by insurance rate payers as programs are amortized over time and included in future years' base expenses for purposes of rate setting (to the extent the projects relate to the Corporation's Basic, Extension, SRE and DVA lines of business).

<b>Annual Business Plan 2022/23 Improvement Initiatives</b>				
	LTD Forecasted Spend to March 31 2022	Proposed Budget 2022/23	Remaining forecasted spend for future years	Total Forecast at Completion
(\$000's)				
<b>Nova Program</b>	74,040	32,402	22,070 *	128,512 *
Nova Program is a multi-year program, established with a vision to modernize and transform MPI's in-house legacy applications and technology footprint, to deliver MPI services to its customers in the areas of personal and commercial automobile insurance, driver licencing, vehicle registration and associated registries, and physical damage claims				
*Project total forecast to completion includes contingency of \$13.6 million.				
<b>Nova Ongoing Costs</b>	12,917	15,436	-	28,353
Nova Ongoing Costs include cloud subscription expenses for licensing, application maintenance and Nova Ongoing Costs will be included in normal operations in 2023/24.				
<b>Information Security Maturity</b>	5,259	584	-	5,843
Implement the necessary system, process and administrative changes to achieve the cyber security				
<b>Technology Risk Management - 2022</b>	-	4,500	-	4,500
Implement projects relating to Application, Security and Infrastructure Risk Management. Program is budgeted annually.				
<b>Other Initiatives</b>	-	15,900	51,000	66,900
Expense initiatives included in Lean Portfolio Management focus areas and insertions of work.				
<b>Sub-Total IT Projects</b>	92,216	68,822	73,070	234,108
Administrative Capital <sup>^</sup>	48,195	34,968	82,029	165,192
Investment Capital	7,606	-	1,344	8,950
<b>Grand Total</b>	148,017	103,790	156,443	408,250

<sup>^</sup>Includes Cityplace Space Plan initiative, Cityplace and other Tenant Fit-up projects.


8.0 APPENDIX A: Status of April 2019 [Framework Letter](#) Expectations

Framework Letter Directive	Status	
	Ongoing	Completed
<p><b>Engage with the Public Utilities Board to implement a Capital Management Plan that includes:</b></p> <ul style="list-style-type: none"> <li>• A minimum rate stabilization reserve of 100% Minimum Capital Test (MCT) for Basic;</li> <li>• A minimum reserve of 200% MCT for Extension;</li> <li>• A minimum reserve of 300% MCT for Special Risk Extension;</li> <li>• A rate setting structure that is driven to MCT ratios; and</li> <li>• Continue efforts to reduce volatility and enhance stability to MPI's reserves through increased re-insurance.</li> </ul>		✓
<p><b>Continue efforts to reduce risk and volatility in MPI's investment portfolio and divest assets that are not aligned with MPI's mission or financial interests.</b></p>		✓
<p><b>We ask that you limit advertising to responsible mandate focused advertising considered essential for you to successfully perform your core business and continue to work with Government on the alignment of all sponsorship activities with central government.</b></p>		✓
<p><b>Government is committed to advancing reconciliation with Indigenous Manitobans through the renewal of its consultation framework to ensure respectful and productive consultations. All government organizations are expected to contribute to</b></p>	✓	



Framework Letter Directive	Status	
	Ongoing	Completed
reconciliation in their interactions with Indigenous communities and individuals.		
We have a strong interest in reducing red tape for all Manitobans. As a Crown, we ask that you integrate the red-tape reduction process and reporting into your Board processes – whether by way of a new Committee or regular reporting mechanism.		✓
Government understands the value that brokers bring to both the consumer and MPI in assisting with the sale, delivery and service of MPI products. MPI will develop a comprehensive plan in partnership with the broker community to modernize service delivery, including on-line services. Manitobans must retain access to professional advice from the broker network to help them understand insurance options, manage risks and make the right choice.	✓	
Modernize public automobile insurance regulations, policies and procedures, with the goal of achieving better value for ratepayers.	✓	
Work with the Public Utilities Board to streamline processes, in an effort to reduce overall costs to ratepayers of regulatory hearings.		✓
In the coming year, we will be taking more steps to fully integrate Crown corporations into our summary budget process. This may affect the timing of budget processes and other financial matters. I am seeking your support in ensuring accurate, timely financial reporting to government, in particular your vigilance in providing clear and early notice of		

Framework Letter Directive	Status	
	Ongoing	Completed
<p>significant variances to budgets, or changes to your medium and long-term forecasts. Please continue to work with Crown Services and Treasury Board Secretariat to strengthen alignment with government overall.</p>		✓
<p>We expect you to scrupulously manage all operating costs, defer all non-critical capital projects without a clear return on investment and carefully examine business plans for opportunities to achieve improved financial results. We also expect the Board to carefully examine overall staffing efficiencies. Centrally, we have reduced overall management by over 15%, conducted a “spans and layers” review of management structures and reduced overall headcount by 8%. We expect you to work towards the same, or more.</p>		✓
<p>We ask you to review all compensation agreements, including executive compensation practices and interchange agreements to ensure alignment with government policies and practices. The expectation is that compensation practices will reflect the principles of responsible fiscal management and protect the sustainability of services to customers and ratepayers.</p>		✓
<p>We have a strong interest in reducing red tape for all Manitobans. As a Crown, we ask that you integrate the red-tape reduction process and reporting into your Board processes – whether by way of a new Committee or regular reporting mechanisms.</p>		✓
<p>Achieve more open government through increased transparency in tendering and procurement practices. All Crown</p>		

Framework Letter Directive	Status	
	Ongoing	Completed
<p><b>corporations should ensure their procurement practices reflect this priority and are aligned with the requirements of trade agreements to which Manitoba is a signatory. In Government, we are centralizing our procurement practices and we urge you to pro-actively join us in this process so that we can shop smarter for all Manitobans.</b></p>		
<p><b>Government is committed to ensuring all employees are treated with dignity and respect. Respectful workplace policies need to be reviewed and updated to ensure employees have safe and effective pathways to report disrespectful or harassing behaviour without fear of repercussion.</b></p>		